# GOVERNMENT OF INDIA
# FINANCE
# LOK SABHA

UNSTARRED QUESTION NO:5971
ANSWERED ON:31.08.2001
FINE AGAINST DABHOL POWER COMPANY LIMITED
GADDE RAMAMOHAN;M.V.V.S MURTHI;SHIVAJI MANE

**Will the Minister of FINANCE be pleased to state:**

(a) whether the Customs Department has slapped 283 crore fine on the controversial American energy giant Enron promoted Dabhol Power Company and has also decided to initiate penal action against it for falsification of statements;

(b) if so, the details in this regard;

(c) whether the Department has also accused the Dabhol PowerCompany of large scale duty evasion by false declaration of value and suppression of vital facts from the Government;

(d) if so, the details thereof; and

(e) the final action taken against Dabhol Power Company by the Government ?

## Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN)

(a) to (e): For import of various machinery/equipments/materials for setting up of LNG facility at Dabhol, M/s. Dabhol Power Company had claimed concessional rates of Customs duty at the rate applicable for the power projects. They had also claimed, while declaring the value of the machinery/materials etc., imported that almost 88 million dollars out of 115 million dollars service charges paid by them to overseas contractors, would not form part of the customs value.

Detailed examination of the contentions of M/s. Dabhol Power Companywere carried out and a Show Cause Notice has been issued to M/s. Dabhol Power Company (DPC) on 31.7.2001, demanding a duty of Rs. 283.39 crores. It has been alleged in the Show Cause Notice that M/s. DPC is not eligible for power project rate of Customsduty in respect of machinery, equipment and materials imported for setting up of the Liquified Natural Gas (LNG) facility atDabhol. It has also been alleged that a substantial portion ofservice charges has not been included in the assessable value of goods. Penal action has been proposed against the Company for alleged suppression of vital facts. At present, the matter is subjudice before the jurisdictional Commissioner of Customs.